

# Memorandum

**To:** Chairman and Commissioners

**Date:** September 20, 2001

**From:** Robert I. Remen

**File No:** F 9  
BOOK ITEM 4.1  
ACTION

**Ref:** STATE LEGISLATION

The Legislature began its Interim Recess on September 14, 2001 and is scheduled to reconvene January 7, 2002. The Governor has until October 14, 2001 to sign or veto bills passed at the end of the Legislative Session.

Eight legislative measures of special interest to the Commission are summarized below. Two measures have been approved by the Legislature and do not require action by the Governor:

- **ACA 4** (Dutra) - Dedication of State Sales Tax Revenues on Motor Vehicle Fuels to Transportation Purposes, and
- **ACR 32** (Dutra) - Report on Transportation Funding.

The other six bills are awaiting action by the Governor:

- **AB 437** (Assembly Budget Committee) - Rural Transit System Grant Program,
- **AB 608** (Dickerson) - Regional Transportation Planning Agency Funding,
- **AB 631** (Oropeza) - Transportation Deficiencies Assessment,
- **AB 1171** (Dutra) - Toll Bridge Funding,
- **AB1564** (Cardenas) - Department of Transportation Contracts With Indian Tribes, and
- **SB 670** (Poochigian) - Street and Road Maintenance

## **ACA 4 (Dutra) - Dedication of State Sales Tax Revenues on Motor Vehicle Fuels to Transportation Purposes (RESOLUTION CHAPTER 87)**

This measure, upon approval of the voters, would, for the 2003-04 fiscal year and each fiscal year thereafter, require all moneys that are collected during the fiscal year under the Sales and Use Tax Law, with respect to the sale or use of motor vehicle fuel to be transferred to the Transportation Investment Fund (TIF). Specifically, the measure provides that :

- (1) For the 2003-04 to 2007-08 fiscal years, inclusive, moneys in the TIF shall be allocated, upon appropriation by the Legislature, in accordance with Section 7104 of the Revenue and Taxation Code as that section read on the operative date of this article.
- (2) For the 2008-09 fiscal year and each fiscal year thereafter, moneys in the TIF shall be allocated solely for the following purposes:
  - (a) Public transit and mass transportation.

- (b) Transportation capital improvement projects, subject to the laws governing the State Transportation Improvement Program (STIP), or any successor to that program.
  - (c) Street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by cities, including a city and county.
  - (d) Street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by counties, including a city and county.
- (3) For the 2008-09 fiscal year and each fiscal year thereafter, moneys in the Transportation Investment Fund shall be allocated, upon appropriation by the Legislature, as follows:
- (a) Twenty percent of the moneys for Public transit and mass transportation purposes.
  - (b) Forty percent of the moneys for transportation capital improvement projects, subject to the laws governing the STIP, or any successor to that program.
  - (c) Twenty percent of the moneys for street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by cities.
  - (d) Twenty percent of the moneys for street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by counties.
- (4) The transfer of revenues from the General Fund of the State to the TIF may be suspended, in whole or in part, for a fiscal year if both of the following conditions are met:
- (a) The Governor has issued a proclamation that declares that the transfer of revenues will result in a significant negative fiscal impact on the range of functions of government funded by the General Fund of the State.
  - (b) The Legislature enacts by statute, pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, a suspension for that fiscal year of the transfer of revenues, provided that the bill does not contain any other unrelated provision.
- (5) The Legislature may enact a statute that modifies the percentage shares set forth above by a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, provided that the bill does not contain any other unrelated provision and that the moneys described above are expended solely for the purposes specified above.

#### **ACR 32 (Dutra) - Report on Transportation Funding (RESOLUTION CHAPTER \_\_)**

This measure requests that the California Transportation Commission, working with the Department of Transportation and in consultation with the regional transportation planning agencies, produce and submit to the Assembly and Senate Committees on Transportation, by January 1, 2003, a study of potential decreases in transportation revenue for transportation planning agencies, including, but not be limited to, identifying all of the following:

- (1) Whether a decrease may potentially occur in transportation revenue available to transportation planning agencies under Section 7104 of the Revenue and Taxation Code, relating to the Transportation Investment Fund.
- (2) Whether transportation planning agencies in California are likely to in fact experience funding shortfalls from the potential expiration of local transportation sales taxes, a decline

or leveling in state-supplied revenues and funding assistance, or shortfalls in other funding sources.

- (3) Whether transportation planning agencies are anticipating transportation funding shortfalls and how those agencies are addressing the potential shortfalls.
- (4) Whether cities, counties, or cities and counties are likely to experience transportation funding shortfalls from insufficient, declining, or expiring funding sources.
- (5) Suggested legislative and other remedies to address potential funding shortfalls.

**AB 437 (Assembly Budget Committee) - Rural Transit System Grant Program**

**STATUS:** On the Governor's Desk

A discussion of the Commissions roles and responsibilities in this program is presented in Agenda Item 4.6, Adoption of the Guidelines for the FY 2000-2001 Rural Transit System Grant Program. Also, the adopted State Budget provides \$18 million of Public Transportation Account funds in FY 2001-2002 for this program.

This bill would require that:

- (A) Not later than August 31, 2001, the department shall prepare guidelines for the implementation of a Rural Transit System Grant Program and submit those guidelines to the commission for review.
- (B) Not later than October 15, 2001, both of the following shall occur:
  - (1) The commission shall adopt guidelines for the program.
  - (2) The department shall establish the program in accordance with this section and the guidelines adopted by the commission.
- (C) The guidelines prepared by the department and adopted by the commission shall include all of the following requirements:
  - (1) The department shall award grants to recipients on a competitive basis for projects that serve primarily rural areas.
  - (2) Grants shall be used for the following purposes:
    - (A) To purchase, construct, and rehabilitate transit facilities, vehicles, and equipment, including, but not limited to, energy efficiency retrofits.
    - (B) To purchase rights-of-way for transit systems.
- (3) Grants shall be awarded based on criteria that include, but are not limited to, all of the following:
  - (A) Project need and effectiveness.
  - (B) Filling transit service gaps, including, but not limited to, connectivity to other transit systems.
  - (C) The equitable distribution of funds.
  - (D) The potential of the project to improve the safety of passengers, transit workers, and the general public.

- (E) Replacement of vehicles or equipment that have exceeded service life expectations.
- (4) Grant awards shall be limited to any claimant, as defined in Section 99203 of the Public Utilities Code.
- (5) Grants shall require all of the following:
  - (A) A project match requirement equal to the percentage of Mills-Alquist-Deddeh Act (Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code) funds expended for purposes other than transit, community transit services, pedestrian and bicycle, and transportation planning purposes, averaged over the three most recent fiscal years. The match requirement may not be less than 10 percent, and may not be more than 50 percent. However, no grant may be awarded to an applicant in any city, county, or city and county, in which funds that may be claimed by the applicant under the Mills-Alquist-Deddeh Act are expended for street and road purposes pursuant to subdivision (a) of Section 99400 of the Public Utilities Code in the same year as the year in which the application for a grant is made.
  - (B) A demonstration of maintenance of effort.
  - (C) A demonstration of financial ability to support ongoing operations of the public transportation services.
- (D) The department shall prepare a report describing the types of projects funded under the Rural Transit System Grant Program, which shall be submitted to the Legislature on or before June 30, 2002.
- (E) This section shall become inoperative on July 1, 2002, and, as of January 1, 2003, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2003, deletes or extends the dates on which it becomes inoperative and is repealed.

**AB 608 (Dickerson) - Regional Transportation Planning Agency Funding**

**STATUS:** On the Governor's Desk

- (1) Under existing law, each regional transportation planning agency and each county transportation commission is required to adopt and submit to the California Transportation Commission and the Department of Transportation, not later than December 15, 2001, and December 15 of each odd-numbered year thereafter, a 5-year regional transportation improvement program. Those local transportation entities may request and receive an amount not to exceed 1/2 of one percent of their STIP regional share for the purposes of transportation project planning, programming, and monitoring. Those local transportation entities that are not receiving federal metropolitan planning funds may request and receive an amount not to exceed 2% of their regional share funds for these purposes.
- (2) This bill would increase the maximum amount that may be requested and received by those entities for the above described purposes to 1% and 5%, respectively.
- (3) Existing law also requires state transportation funds available for regional improvement projects to be programmed by the California Transportation Commission in the 5-year state transportation improvement program (STIP) in accordance with certain formulas, including the north-south split and county shares. Existing law requires the programmed project amount in the STIP to be adjusted in certain cases.

- (4) This bill would also authorize the adjustment by the commission of a programmed project amount in the STIP if the construction contract award amount for a project is less than 80% of the engineer's final estimate, excluding construction engineering.

**AB 631 (Oropeza) - Transportation Deficiencies Assessment**

**STATUS:** On the Governor's Desk

- (1) Existing law requires the California Transportation Commission, in conjunction with the Department of Transportation, transportation planning agencies, county transportation commissions, and transportation authorities, to develop a 5-year state transportation improvement program for purposes of planning the appropriation and allocation of available transportation funds to state, regional, and local transportation projects, including a 5-year process for estimating the amount of state and federal funds to be available for those transportation projects.
- (2) This bill would require the commission, using information and analyses from existing plans developed by the department and regional transportation planning agencies, to prepare a statewide inventory of assessments of the condition, performance, and deficiencies of the state's transportation system, as described, every 5 years. The bill would require the commission to report to the Legislature on July 1, 2003, and on July 1 every 5 years thereafter.
- (3) The bill would require the commission to include a goods movement and transit equity assessment as part of the statewide inventory of assessments.

**AB 1171 (Dutra) - Toll Bridge Funding**

**STATUS:** On the Governor's Desk

- (1) Existing law imposes a seismic retrofit surcharge equal to \$1 per vehicle for passage on the state-owned toll bridges in the region within the area of the jurisdiction of the Metropolitan Transportation Commission, except for vehicles that are authorized toll-free passage on those bridges. Revenue generated from the surcharge is required to be deposited in the Toll Bridge Seismic Retrofit Account in the State Transportation Fund, which is continuously appropriated without regard to fiscal years to the Department of Transportation for the purpose of funding seismic retrofit of currently listed bridges. The department is required to determine the date when (a) sufficient funds have been generated for the completion of seismic retrofit and the replacement of the San Francisco-Oakland Bay Bridge, as specified, and (b) sufficient funds have been generated to pay for any costs added under a specified provision relating to the San Francisco-Oakland Bay Bridge. The department is required to notify the Secretary of State of that date, immediately upon making that determination. These provisions are repealed on January 1, 2008, or on the date the Secretary of State receives the specified notice, whichever occurs first.
- (2) This bill would delete the repeal date described above and would instead provide a repeal date occurring when the California Transportation Commission notifies the Secretary of State that sufficient funds have been generated to meet certain obligations, as defined, and thereby would make an appropriation by extending the time during which the money in the account would be continuously appropriated. The bill would require the money in the account that is in excess of those funds needed to meet the toll commitment and other elements requiring to meet the obligations of the department's financial plan to be

available to the Bay Area Toll Authority for funding certain purposes and projects that are consistent with existing law requirements.

- (3) The bill would require the department to transfer the funds annually to the authority upon receiving notification from the authority's governing board.
- (4) The bill would prohibit the increase in tolls beyond the level needed to complete the seismic retrofit and replacement of bay area bridges, as described above, unless the California Infrastructure and Economic Development Bank makes certain described findings and the Department of Finance confirms those findings.
- (5) Existing law sets forth the cost estimates at \$2,620,000,000 to retrofit the state-owned toll bridges and to replace the east span of the San Francisco-Oakland Bay Bridge in accordance with a schedule.
- (6) This bill would revise that cost estimate to \$4,637,000,000 and would correspondingly revise the schedule.
- (7) Existing law provides that the estimated cost of replacing the east span of the San Francisco-Oakland Bay Bridge is based on certain assumptions.
- (8) The bill would instead provide that this estimated cost is based on specific conditions, rather than assumptions.
- (9) Existing law provides that it is the intent of the Legislature that specific amounts from various funds be allocated through the 2004-05 fiscal year, for the seismic retrofit or replacement of the identified state-owned toll bridges.
- (10) This bill would require the continued allocation of the funds until expended, rather than through the 2004-05 fiscal year, and would revise the amount available from the seismic retrofit surcharge, subject to certain limitations, and would include the funds necessary to meet principal obligations, as defined, of not less than \$642,000,000 from the state's share of the federal Highway Bridge Replacement and Rehabilitation Program.
- (11) The bill would revise the proportional reduction of funding formula provided under existing law, if the cost of retrofitting or replacement, or both, is less than the statutory cost estimate set forth above.
- (12) The bill would require the department, upon substantial completion of the retrofit work of the state-owned toll bridges, to submit a final report prepared by an independent accounting firm identifying the sources and use of the funds. The bill would require the report to serve as the basis for any proportional reduction in funding as described above.
- (13) The bill would provide that if the department issues federal highway grant anticipation notes to fund the retrofitting of state owned toll bridges and the replacement of the east span of the San Francisco-Oakland Bay Bridge, certain adjustments in the state transportation improvement program county share shall not apply.
- (14) The bill would authorize the department to enter into certain financial arrangements to finance or refinance the seismic retrofit project costs which would include the issuance of revenue bonds.
- (15) The bill would provide that nothing in the bill shall be construed to negatively impact any project that is programmed prior to January 1, 2002, in the state transportation improvement program.

**AB1564 (Cardenas) - Department of Transportation Contracts With Indian Tribes****STATUS:** On the Governor's Desk

- (1) Existing law authorizes the Department of Transportation to enter into a cooperative agreement with a city, county, or other public entity for the performance of work by the department or by the city, county, or other public entity, or for the apportionment of the expense of the work between the department and the city, county, or other public entity, if the California Transportation Commission or other public entity has allocated any funds for the construction, improvement, or maintenance of any portion of a state highway within the city or county. The department is authorized to enter into a cooperative agreement with a city, county, or other public entity to perform professional and technical project development services, if the department determines that the city, county, or other public entity in which the project is located has qualified and available staff to perform the necessary project services.
- (2) This bill would include any federally recognized Indian tribe within the definition of "public entity" for the purposes of the provisions of existing law authorizing the department to enter into cooperative agreements. The bill also would require that any such cooperative agreement with an Indian tribe contain an enforceable method of reimbursing the department for its costs and be consistent with all statutory requirements and regulations relating to highway construction, improvement, and project development or maintenance .

**SB 670 (Poochigian) - Street and Road Maintenance****STATUS:** On the Governor's Desk

The bill would require that:

- (1) The commission, in conjunction with the department, and in cooperation with regional and local transportation planning agencies, to survey all counties to determine:
  - (A) How many county roads have been converted from a pavement surface to a gravel surface during the period from January 1, 1997, to December 31, 2001, or
  - (B) Are scheduled to be converted from a pavement surface to a gravel surface during the period from January 1, 2002, to January 1, 2007, and
  - (C) To request the reasons and causes for conversion from a pavement surface to a gravel surface and whether those factors are unique to the particular area of the state.
- (2) The bill would require the commission to prepare a report on its findings, to seek the cooperation and assistance of regional and local transportation planning agencies and, to the extent it determines to be feasible, to use road condition and financial data already in existence or contained in previously completed reports or surveys.
- (3) The bill would require the commission to submit the report to the Legislature on or before March 31, 2002.